

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

IN RE:

VIRGIN ISLANDS WATER AND POWER
AUTHORITY'S LEVELIZED ENERGY
ADJUSTMENT CLAUSE

PSC Docket No. 289

Order No. 42/2020

ORDER

WHEREAS, on December 12, 2019, the Commission voted to decrease the current LEAC rate for the electric system from 19.26¢/kWh to 16.3989¢/kWh for the period of January 1, 2020 to June 30, 2020; and

WHEREAS, on April 3, 2020, the Virgin Islands Water and Power Authority's (hereinafter "WAPA" or "Authority"), filed its Petition (hereinafter "Petition") with the Virgin Islands Public Services Commission (hereinafter "PSC" or "Commission") for an Electric Levelized Energy Adjustment Clause (hereinafter "LEAC") rate for the period of July 1, 2020 to December 31, 2020, to be applied to bills rendered after July 1, 2020; and

WHEREAS, WAPA's Petition demonstrated a calculated LEAC charge of 19.286¢/kWh but requested that the current LEAC rate of 16.3989¢/kWh remain in place for the period of July 1, 2020 through December 31, 2020; and

WHEREAS, the Commission engaged its technical consultants, Georgetown Consulting Group, Inc. (hereinafter "GCG") to conduct a review and analysis of WAPA's Petition; and

WHEREAS, GCG submitted a Preliminary Report on April 20, 2020; and

WHEREAS, on May 1, 2020, the Commission held a Regular Meeting via Zoom video conferencing system that was hosted at the PSC St. Thomas office located at No. 1003 Estate Ross Suite 4, Barbel Plaza at which the Commission heard from its staff and WAPA on this matter; and

WHEREAS, on May 29, 2020, GCG submitted their Report and Recommendations to the Commission; and

WHEREAS, on June 2, 2020, WAPA submitted written comments on the GCG Report and Recommendations; and

WHEREAS, on June 3, 2020, the Commission held a Regular Meeting via Zoom video conferencing system that was hosted at the PSC St. Thomas office located at No. 1003 Estate Ross Suite 4, Barbel Plaza; and

WHEREAS, the Commission witnessed testimony from its technical consultants and WAPA, along with their consultants; and

WHEREAS, the GCG Report and Recommendations expressed particular concern with the following:

- Compliance with PSC Order No. 4/2005 and the increase in the amount of electricity being generated and not sold (e.g., line losses, plant uses and other Non-Revenue Electricity [“NRE”]); and
- Failure to employ the dispatch system as to the use of generation options;
- Comply with PSC Order No. 52/2018, which required WAPA to submit a calculation of the LEAC as if WAPA were actually maximizing the use of propane as a fuel supply (95% Propane/5% Fuel Oil);
- Failure to provide audited financial statements and reconciliation of fuel costs affecting the Deferred Fuel Balance

WHEREAS, upon review, discussion and deliberation, the Commission acted through a series of motions; and

NOW THEREFORE, the Commission ORDERS that:

1. The Electric LEAC rate be set at 14.9417¢/kWh for the period of July 1, 2020 to December 30, 2020 and to be applied to bills rendered after July 1, 2020 and waiver of the 30-day notice period.
2. That all filings for rates to be implemented January 1, 2021 or later shall comply with Order No. 4/2005 setting NRE at "not to exceed" 6.6 %.
3. That all filings for rates to be implemented January 1, 2021 or later shall employ the dispatch system.
4. That all filings for rates to be implemented January 1, 2021 or later shall contain the previously required submission of a 95% propane calculation.
5. Consideration of any Deferred Fuel Balance is suspended until audited financial statements and reconciliation of accounts are made available.

So Ordered.

For the Commission,



David W. Hughes, Chair

Dated: June 12, 2020